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Annual
Report
2001

VALUED INVESTMENTS
STRONG RETURNS



IMPERIAL
EQUITIES
INC.

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2001 Report to Shareholders

On behalf of the Board of Directors of Imperial Equities Inc., I am pleased to report on the activities and progress of our Company from 2001, our third year of operations.

Over the past year, the Board and Management of Imperial have made strong progress toward building an even stronger foundation for our company through strategic acquisitions, the timely sale of certain assets, and through ongoing value-added development of our existing assets. In this report, we are pleased to be able to outline our activities from the past year, providing case-by-case examples of how we approach and boost each of our investments.

Over our first two years of operations, a large part of our focus was on building a base by acquiring revenue producing commercial property, addressing deferred maintenance and improving the overall marketability of each property.

This year, we have started to see clear benefit from these efforts. All our industrial properties were fully leased at the end of fiscal 2001, and we are seeing an incremental increase in revenues as leases mature, and properties begin to earn at their full potential. In turn, by dealing with upgrades straight away, we have virtually no deferred maintenance and an asset base that is now relatively carefree.

All of Imperial's economic indicators are positive. Revenues increased again this year, even though we disposed of two assets and had another not earn until late in the year. We have now recorded our second straight year of positive cash flow and achieved six cents per share this year, up 50 per cent over 2000. With the increase in market value of our properties, we have improved our equity position this year again, now reflecting \$0.95 per share, and positioning us for ongoing return and future growth. And once again, we have been able to keep costs low and run a very lean company.

In just three years, we believe that Imperial has built a very strong company that is delivering value to shareholders. The hard part is done! Now as we move toward future expansions, we are confident that we have an excellent story to tell.

As always, I want to thank our shareholders for their ongoing confidence and support.



Sine Chadi
Chief Executive Officer, and Chairman of the Board
December 1, 2001



Management's Discussion & Analysis

The following discussion and analysis should be read in conjunction with the financial statements and related notes contained in the 2001 Annual Report to Shareholders.

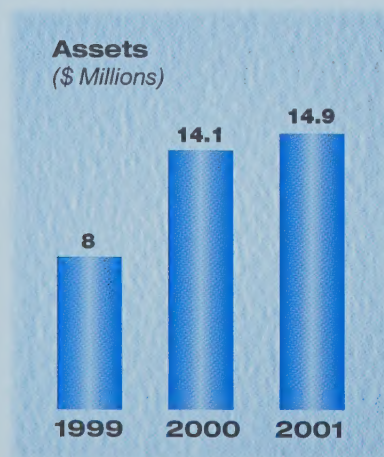
Year 2001 Overview

Based in Edmonton, Alberta, Imperial Equities Inc. (CDNX: IEI) is dedicated to aggressive growth through the acquisition, development and redevelopment of commercial and industrial properties, primarily in its targeted Edmonton and Alberta markets.

Now at the end of our third year as a public company, the Board is pleased to be able to report **once again** that our **Company** has shown strong growth and is achieving positive returns for the year.

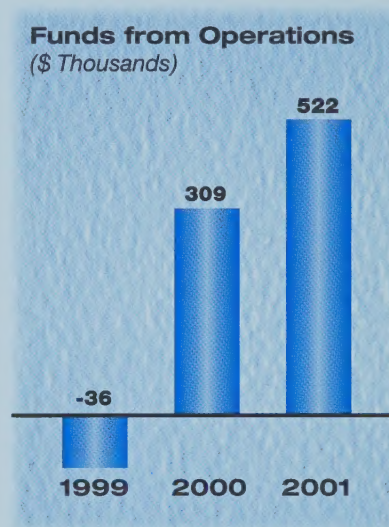
This is the second straight year in our company's still young operations, that we've been able to demonstrate positive results. Year 2001 results show positive cash flow of approximately \$522,000, up 69 per cent over 2000 results. Our Financial Statements reflect increasing value across our portfolio and are quite remarkable considering our company is still in its early days, and considering the level of investment we've committed to the properties we've acquired in order to have them achieve optimal performance.

Our strategies are strong. Efforts to boost the value of our assets is paying off and is reflected in the substantial increase in the market value of our asset base—**indeed some of our properties have almost doubled their book value.**



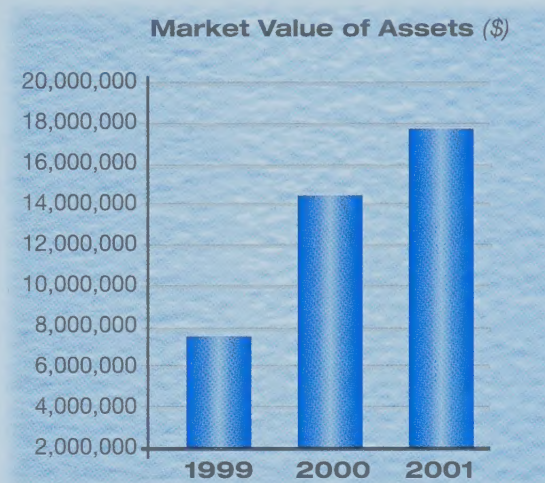
Three years into our Company's operations, we are looking at both a portfolio and balance sheet that reflect a strong company, well positioned for the future.

The Board is continually focused on maintaining this solid position. We are carefully managing our current properties and monitoring industry conditions for the best new opportunities. Prospective acquisitions are evaluated with a goal of matching or beating the benchmark returns we have already achieved on the balance of our portfolio. Purchases made are those with the best potential to bring long-term benefit to our Company.



Our overall company strategy is one of "aggressive strategies for growth" and in 2001, we find good examples of how our Company has put this to work. This year we brought two very strong assets into our portfolio, boosted our return on several properties, and ultimately made a strategic decision to divest of two of our assets.

On the acquisition side, we scrutinized opportunities very carefully in a more challenging and expensive market. We have been more careful about the properties we analyzed, focusing on finding the kinds of deals we know can generate a consistent return, rather than moving into a more expensive investment that might not generate sustainable income. In turn, we made two investments that fit very well into our successful purchase pattern and that we believe will perform very strongly for our Company.



The new properties are the AITEC and Fieldco buildings, both of which are specialty buildings that we knew would be highly marketable in this region. We secured long-term leases for these assets at the same time that we were working on the purchase agreements, ensuring that both would be positive revenue contributors from day one. We also benefited from a low interest rate environment that positioned us to generate even greater than expected returns.

At the same time, with higher market prices working in our favour, we made the strategic decision to divest of two properties – Strathcona Plaza and the Welco Centre – directing proceeds from these transactions toward future acquisitions.

Our company also boosted the performance of our existing properties. Our investment in the Yellowhead Warehouses, for example, turned into a positive for us this year. This 2.5 acre property was vacant when it was purchased in June 2000, with two industrial buildings that both required significant upgrading. In addition, the previous owner had operated a used oil container recycling company on-site that left approximately 50,000 tonnes of plastic materials behind. We immediately arranged for site clean-up, and then spent six months replacing overhead doors, mud jacking the floors, installing dock levelers, doing roof repairs, reactivating the rail spur and installing new electrical and mechanical components.

Once the buildings were overhauled, we conducted an aggressive search for the right tenants. In January 2001 we completed a lease with Capital Paper Recycling, and in May 2001, we completed a lease with Pacific West Systems Supply. Both tenants are successful regional businesses who entered long-term lease agreements. These are showing an impressive 19.9 per cent rate of return for our Company.

Sound Strategies for Growth

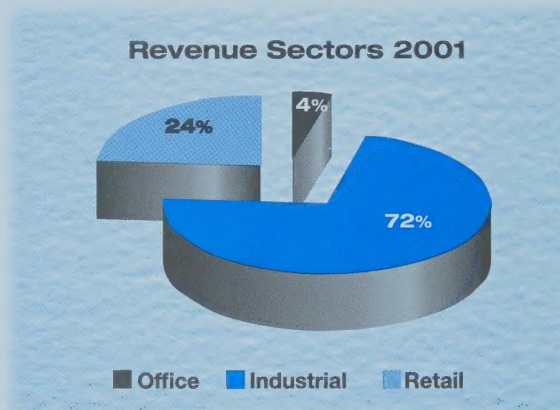
Imperial's team is Edmonton-based and is focused on building our company in a region where we can see tremendous ongoing potential. Our commitment to this region is validated by the fact that **Edmonton's economy outperformed virtually every other major Canadian city in 2001, and is forecast to do the same in 2002**, growing ahead of Toronto, Calgary and Vancouver.

Within Edmonton, our focus on the industrial sector continues to show rewards.

This class of property is highly marketable, largely due to the importance of this region as a major supply and support hub for the Alberta energy industry. In turn, it also is a relatively carefree asset class compared against retail and office/professional class assets.

For Imperial, our holdings in this sector contribute more than 72 per cent of total company revenues.

At the end of 2001, **Imperial's industrial properties were 100 per cent occupied, and the rates of return are Imperial's strongest.**



Strategic divestitures for better long-term positioning

All of our acquisitions are targeted to be part of our portfolio for the long-term. At the same time, this cannot be an absolute condition. One of the first things Imperial's Board did in 2001, was look at the entire portfolio and determine whether it would be advantageous to sell any properties, determining that our retail properties in particular could be sold under the right conditions.

The reasoning behind this was two-fold and can be seen in the case of Strathcona Plaza. In the case of this property, our return was not keeping pace with the balance of our portfolio. At the same time, intensive management resources were required to place and maintain leases and manage the property. Imperial decided to proceed with the sale of the property at a loss for accounting purposes, and a taxable capital gain for income tax purposes (see Note 5 in Financials). This removed us from a long-term commitment and freed some capital to move forward with other more profitable acquisitions.

We also sold one industrial property, Welco Centre. Here we had a vacancy occur in a major portion of the property. The space included a large fabrication shop that had been custom-built for a highly specialized business. When left vacant, we found a new business that needed precisely this type of property but which

preferred to own the building rather than lease. We decided to divest rather than keep looking for a tenant. As a result of the sale we achieved a gain for accounting purposes and a taxable capital gain for income tax purposes. (see Note 5 in Financials).

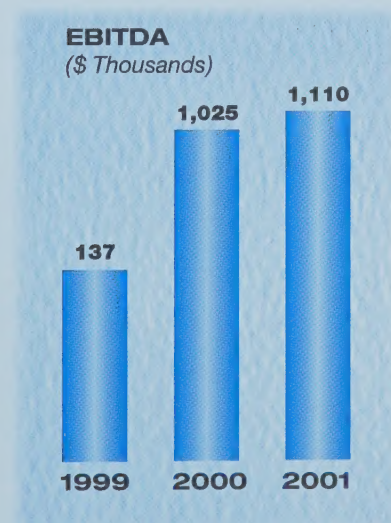
Cash Flows

Imperial prepares its financial statements in accordance with generally accepted accounting principles prescribed by the Canadian Institute of Chartered Accountants. In addition, the Company continues to

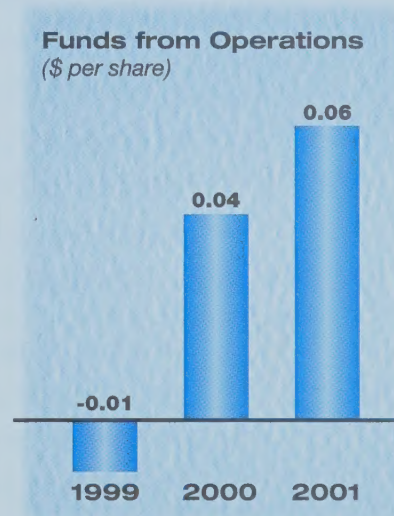
work within the standards defined by the Canadian Institute of Public and Private Real Estate Companies ("CIPPREC") which provide a meaningful way of measuring operating performance of a real estate company.

Overall revenues increased to \$1,739,167 in 2001, up from \$1,684,262 in 2000. This was achieved despite having sold two of our revenue producing properties, and only beginning to generate income on the Yellowhead Warehouses late in our fiscal year. The Company's

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) increased by 8.3 per cent in 2001, and was now almost a \$1,000,000.00 over 1999 levels.



Increased revenues are attributable to additional income gained from current leases, many of which showed increases this year to more market-level rates. Overall, the company generated six cents per share in 2001, a 50 per cent increase over 2000.



Efficiencies

Imperial continues to operate as a very lean company. Total expenses actually decreased again this year by more than \$100,000 to \$552,173. Costs from professional fees and actual expenses have remained very low, and we have been able to maintain very low costs from operations largely by outsourcing some of the major company functions. To date, our company has not needed to pay for typical office expenses or salaries.

Our ability to work with strong business partners has proven to be an effective operational strategy as well. As Asset Manager for Imperial, North American Realty Corp. handles leasing, releasing, market monitoring, acquisitions and dispositions. Another key role, property management, is handled by Sable Realty & Management Ltd., which acts as overall caretaker for all of our properties, managing the tenancies and landlord obligations, and providing accounting and monthly reconciliations. Since our leases include a management fee payable by tenants over and above their monthly rent, all of these functions are performed at no cost to Imperial.

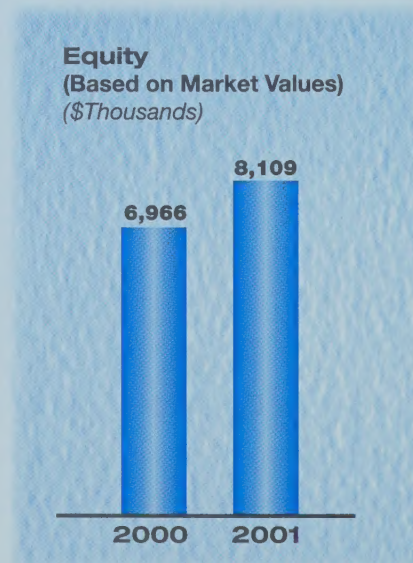
Actual investments made by our company in this year were down significantly from the previous year from more than \$6 million in 2000, to only \$2.425 million in 2001. Investment in property upgrades was half of what we had to spend in 2000, reflecting the fact that our two newest acquisitions had no leasehold expenditures or maintenance requirement, and that the balance of our portfolio has been very well maintained.

Our biggest renovation project for this year was the upgrade to the Yellowhead Warehouses. This required an up front investment of approximately \$120,000. In turn, this investment began to pay off immediately. The property was quickly leased after the renovations and immediately began to earn revenue for our Company.

As a young company, the Board has been very vigilant about keeping the company frugal, and ensuring that Imperial has access to every possible dollar to support its growth and expansion. Once again this was helped by the fact that to date, none of Imperial's directors or table officers has taken any salary from the Company.

Delivering Value

Overall, the Company saw increases in both its equity position and the market value of its portfolio this year. Our equity position rose this year to \$8,108,737, an increase of 16.4% over 2000. This now translates to \$0.95 per share.



Imperial continues to build its base without diluting the value of our shares. The company has secured conventional mortgage financing for all of its acquisitions to date, and made no entry into the market in 2001. Actual mortgages and loans to related parties owing in 2001 increased to \$10,948,297.00 as compared to \$10,049,033.00 in 2000. The percentage of debt which the company holds against the market value of its properties actually decreased this year, to 55 per cent, from 59 per cent in 2000.

Commitments of Your Board of Directors

The Board of Directors takes great pride in the foundation that has been built for our company. We believe we are well positioned to generate ongoing profits and for future growth.

Moving forward, we will continue to build equity and pay down our mortgage debt. The fact that we have short amortizations, and can now take advantage of a low interest rate period will make this an even easier process and will ultimately free more cash for our company, allowing us to continuously improve our bottom line and have access to funds for use in future acquisitions.

Our expansion efforts will continue to be funded by way of existing cash flow and conventional financing as opposed to selling equity positions in our company. It continues to be our belief that we should hold the line on creation of more stock, and not devalue our positions by entering an unfavourable market.

At the same time, we will consider other means of financing to ensure that our company has the resources it needs to take advantage of the best growth opportunities. For example, we may undertake a debenture financing which would allow us to raise significant capital and provide investors with a very competitive interest return.

As always, we are pleased to have any shareholders contact the Board to discuss their investment and our Company's plans. We also invite interested parties to keep up with our Company performance by visiting the Imperial Equities Web site at <http://www.imperialequities.com>.

On behalf of the Board of Directors



Sine Chadi

CEO & Chairman of the Board



IEI Industrial

Century Industrial Centre

5604/22 - 76 Avenue,
Edmonton, Alberta

Acquired: March 1999



Meet the Tenants

Grase Industries Ltd. – A highly specialized C & C Production Machining company that services valve and oilfield companies.
Phone: (780) 468-4925

Logco Wireline – A supplier of down-hole foundation analysis and a complete line of cased hole services to its oil and gas customers.
Phone: (780) 465-9592

Mohawk Canada – This major Canadian energy company uses its Century Industrial location as a depot and collection site for used oil and filters. All products are packaged and shipped for recycling.
Phone: (780) 461-4479

MFP Mohawk Fuel Products – An Edmonton-based company which uses this location as a distribution centre for a variety of petroleum products.
Phone: (780) 465-9668

Osman Auctions – A full-service auction and liquidation specialist, warehouses their inventory at Century Industrial.

Owen Canada Ltd. – A Core Laboratories Company which supplies the oilfield with perforating technology and completion systems, worldwide.
Phone: (780) 466-8382

Stonetile (Canada) – A leading manufacturer of classic, unique exterior finish for residential and commercial construction.
Phone: (780) 464-3233

Unitray Systems – A custom manufacturer of electrical cable tray and ancillary products for electrical contractors.
Phone: (780) 463-7422

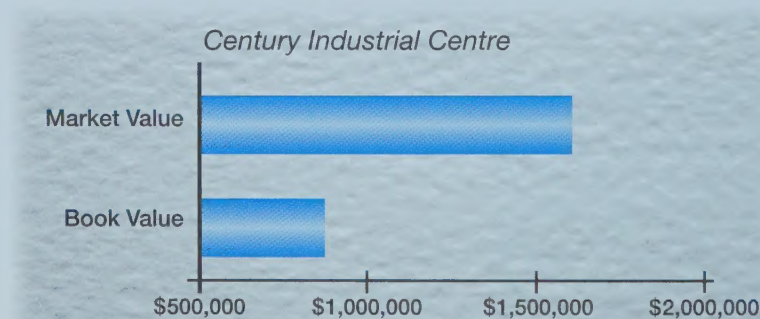
Our Buy Strategy

At the time of purchase, the property was only 50 per cent occupied. Existing leases did not reflect fair return on the property, but there was also significant deferred maintenance to the 38,000 sq. foot multi-tenant structure. This had to be addressed to attract new tenants.

At the same time, Imperial evaluated this 2.39-acre industrial property and saw excellent potential, given the overall quality of the structure and its very desirable industrial location. It is ideally situated, backing onto the Sherwood Park freeway in the Davies Industrial East Neighbourhood, a location that typically has vacancy rates less than 3 percent.

Adding Value

Imperial went to work with a three-fold approach. First the company dealt with the most significant deferred maintenance straight-away. It added a new roof, upgraded the power, lighting and HVAC systems, and did an overall site clean-up and exterior paint job to greatly improve the property's external appeal. The company then undertook to upgrade each individual bay to suit the specific needs of new tenants. Finally, existing tenants were approached with a view towards securing long-term leases.



Positive Results

More than two years after making this acquisition, Imperial has a property that is fully leased and generating a significant return on investment. Excellent new business relationships have been developed with a quality tenant base, and all tenants are enjoying a newly upgraded structure and benefiting from an ongoing maintenance program.

IEI Industrial

Kinnikinnick Building

10310 – 112 Street,
Edmonton, Alberta

Acquired: May 2000



Meet the Tenant

Kinnikinnick Foods Inc.

– a leading producer and distributor of foods for people with special dietary needs. The company manufactures a complete line of gluten-free and dairy free baked goods. Customers include people with Celiac Disease, wheat allergies and children with Autistic Spectrum Disorder.

A successful e-commerce business provides next day delivery to customers throughout North America.

As well, an increasing number of items can now be found in all of the major retail food chains in Canada & in a growing number of outlets in the United States.

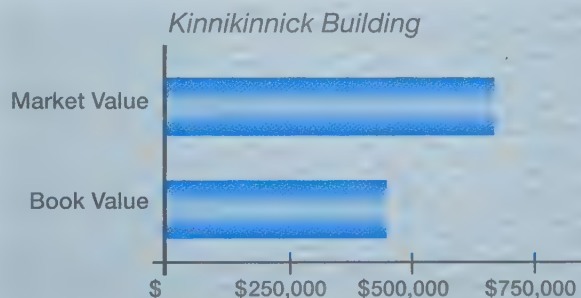
Phone: (780) 413-8144

Our Buy Strategy

With the purchase of the Kinnikinnick Building, Imperial was able to extend its holdings in the commercially desirable Oliver district – where development activity continues to be the strongest anywhere in Edmonton. In addition to a fully-leased, single tenant 13,000 square foot building, Imperial gained an additional 22,500 square feet of undeveloped land for future development.

Adding Value

Purchasing the Kinnikinnick Building offered Imperial an opportunity to gain an immediate revenue contributor and also the potential for long-term development and growth. The company is continuing to monitor this investment and looking for the right opportunity to truly maximize its value.



Positive Results

Imperial can now land-bank this 22,500 square feet of prime Oliver real estate. In the meantime, this has proved to be a stable, profitable investment for the company.

IEI Industrial

Century Vallen Building

4810 – 92 Avenue,
Edmonton, Alberta

Acquired: December 1999



Meet the Tenant

Century Vallen – A leading supplier of maintenance and safety products and services for the Western Canadian industrial market. Century stocks over

and safety products.

Century is part of the Hagemeyer Group of Companies, an international leader in business-to-business supply based in the Netherlands with annual sales of more than \$7 billion.

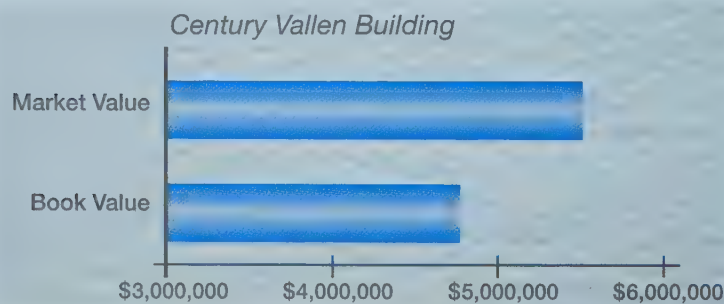
Our Buy Strategy

The acquisition of the Century Vallen building was Imperial's largest single transaction to date and the first major opportunity for Imperial to compete against larger, more established players. The five-acre site is located in southeast Edmonton and has 88,000 square feet of warehouse space and 26,000 square feet of high quality office improvements. The concrete block structure was completed in 1999 and features 30 foot ceilings.

Given the age of the structure, Imperial identified this property as a potential long-term hold that would demand little in terms of structural repair or maintenance. Indeed, under the lease terms, the tenant remains responsible for all maintenance and repair of the premises.

Here's the Proof

The purchase of this new building and securing of a strong international tenant in a long-term lease agreement marked the first time that Imperial actively competed against larger institutional players. This success has had an important impact in terms of boosting the company's profile and opening doors for Imperial to continue to be invited into the Class "A" competitions.



Positive Results

The purchase of this property was based on a "sale lease back" agreement with Century Sales and Service Limited, the single tenant who owned the building. The long-term lease was matched with long-term financing, which made it possible for Imperial to bring a Class "A" building and tenant into its portfolio.

IEI Industrial

Yellowhead Warehouses

14715/35 Yellowhead Trail,
Edmonton, Alberta

Acquired: May 2000



Meet the Tenants

Capital City Paper Recycling

The company is a leader in paper recovery with trucks traveling to collection sites. Paper is delivered to the Edmonton plant where it is shredded baled and loaded onto rail cars for recycling in the United States. Capital Paper has expanded to include plants in both Edmonton and Calgary.
Phone: (780) 421-8047

Pacific West Systems Supply -

A wholesale and retail supplier of a wide range of construction materials including drywall, steel studs, insulation, stucco products, ceiling tiles and skid systems, moveable partitions and tools and accessories. Pacific is a large regional company with locations across Western Canada.
Phone: (780) 452-5202

Our Buy Strategy

The Yellowhead Warehouses were vacant and in considerable need of maintenance and repair when they were acquired. At the same time, these two 25 year old buildings, with 33,715 square feet of total leaseable space were well-located along Yellowhead Trail, one of Edmonton's busiest traffic routes and a major east-west commercial artery.

The 2.5-acre site was owned by a used oil container recycler who went out of business leaving behind 50,000 tons of plastic materials on site.

Adding Value

Imperial contacted the Alberta Used Oil Management Association and, in conjunction with them, arranged to have the plastic materials removed. The next six months were spent replacing overhead doors, mud jacking the floors, installing dock levelers and repairing the roofs. Imperial also installed new electrical and mechanical components and reactivated the rail spur.

Once both buildings were made ready for occupancy, Imperial began to actively market the properties to prospective tenants.



Positive Results

A new long-term lease agreement was completed with Capital Paper Recycling for the south building (15,515 square feet) and the second (18,200 square foot) building was leased to Pacific West Systems Supply. Both tenants are strong regional companies.

IEI Industrial

The Capital Business Park

15730/40 – 118 Avenue,
Edmonton, Alberta

Acquired: March 1999



Meet the Tenants

Capital City RV Bargain Clearance Centre – Offers an unbeatable selection in a great supply of quality units to choose from.
Phone: (780) 413-9944

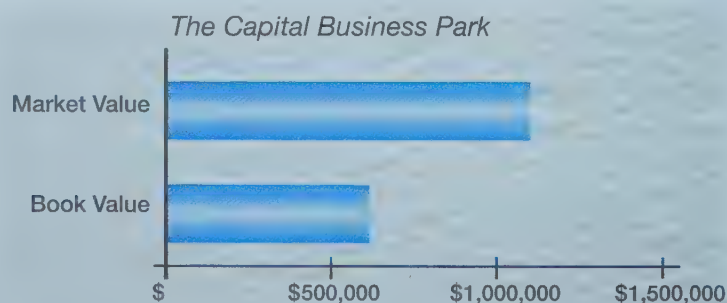
Rental Service Corporation of Canada (RSC) – One of North America's leading rental service companies. Offers every tool imaginable for rent over a day or for long-term rental.
Phone: (780) 465-5151

Our Buy Strategy

The site contains 1.74 hectares (4.32 acres) and existing structures on-site have 15,908 square feet which were vacant at the time of acquisition. The property is located on a busy commercial industrial corridor in Edmonton. 118th Avenue West is a high traffic route with very little undeveloped land. Given that the site buildings were older, Imperial made the purchase for two reasons. First there is significant value in holding a large parcel of land in this area. Second, because it saw an immediate opportunity to generate revenue from the property without needing to significantly upgrade the buildings.

Adding Value

Imperial acquired this property in 1999 and moved immediately to perform leasehold improvements and to secure extended leases. Tenants were identified and the property was demised to accommodate them.



Positive Results

Capital Business Park is an excellent example of the type of property that will benefit the company in the future. The company can continue to draw income, plus it will be top of mind for potential redevelopment opportunities down the road.

Imperial Industrial

Aitec Building

2507 – 84 Avenue,
Edmonton, Alberta

Acquired: September 2001



Meet the Tenant

Aitec (Western) Inc. – This North American company provides a full range of non-destructive testing services to industries which include: oil & gas, pipeline fabrication, civil, construction, steel, petrochemical and pulp and paper.

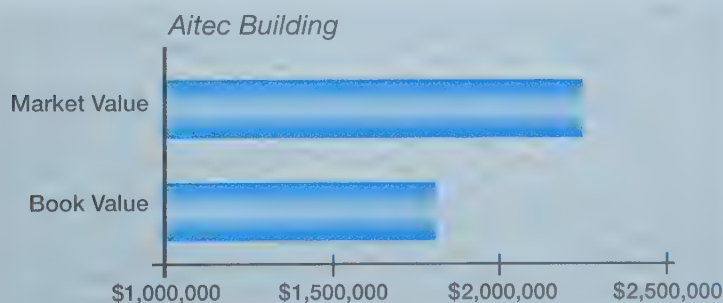
Phone: (780) 417-7777

Our Buy Strategy

Situated on a four acre site, this was a custom-constructed industrial building measuring 33,500 square feet with an existing single tenant. The building contains 2 concrete bunkers with 36-inch concrete walls and doors which allow the company to do non-destructive testing on-site. Imperial immediately realized the potential of this deal. The specialty building is the only one of its kind in the Pacific Northwest, and the cost to construct a similar building would be about \$4 million. Anticipated rate of return was therefore higher.

Adding Value

Imperial worked with the existing tenant, a successful multinational company with locations across North America, to put a new long-term lease in place and secure Imperial's investment. In turn, the tenant gained assurance that it had full access to this quality specialty structure for an extended term.



Positive Results

Imperial immediately built a successful business relationship with its tenant and was able to finalize all parts of this deal prior to year end. This positioned the Aitec Building to be a strong revenue contributor for the company in 2002 and beyond.

IEI Industrial

Fieldco Building

4080 78 Avenue,
Edmonton, Alberta

Acquired: February 2001



Meet the Tenant

Fieldco Manufacturing Inc. –

Company refurbishes all makes and
plate heat exchangers. Plate
exchangers are used in any industry
where liquids are heated or
cooled. They are used in the oil and gas, pulp and
paper, breweries, sugar industry, just to
name a few.

The Fieldco facility cleans, dye penetrant
inspects, replaces gaskets each plate then
puts the exchanger back together and
finishes the unit by doing a hydro test.

Phone: (780) 465-0565

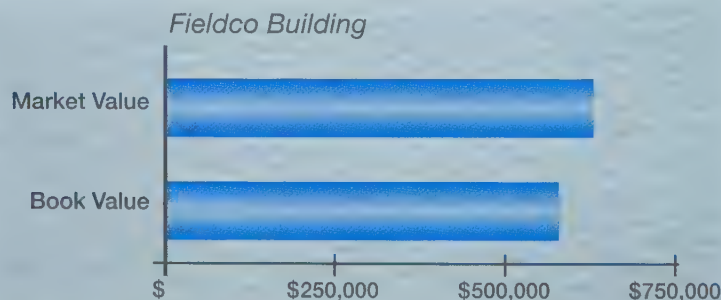
Our Buy Strategy

A large part of assessing a property for
purchase is understanding what makes
a particular property marketable – size,
location or unique features. The Fieldco
Building shows how really knowing the
market can lead to the best deals.

Fieldco Building is located on a one acre site
in the desirable Davies Industrial neighbour-
hood in southeast Edmonton. The 12,000
square foot, single-tenant building had
recently been vacated when Imperial first
became aware of it. The building includes
two large, built-in bridge cranes which make
it a highly sought-after property.

Adding Value

Given the vacancy, Imperial started to
look for a tenant at the same time that it
started to negotiate for the property.
Prior to completing the purchase,
Imperial had already negotiated a long-
term lease agreement with Fieldco
Manufacturing Inc. The start date of the
lease matched the possession date of
the purchase. Imperial was able to start
earning revenue on this property without
missing a single day!



Positive Results

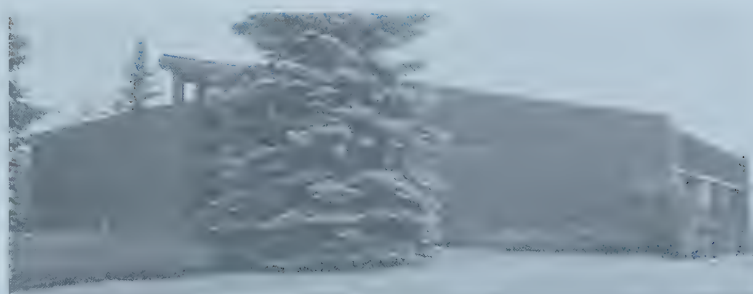
Fieldco Building is a picture perfect deal that shows the strength and
agility of the Imperial team. The company gained a strong revenue
contributor by immediately seeing the value in a vacant "craned" building
and being able to immediately identify a successful regional business
who needed exactly this type of property.

IEI Office

Madentec Building

9935 – 29 A Avenue,
Edmonton, Alberta

Acquired: February 1999



Meet the Tenant

Madentec Limited–

Madentec is a developer of assistive technology for people with disabilities. In particular, products that provide access to and control of computers, augmentative communication devices and electrical appliances for people without the use of their arms. Products are marketed primarily to rehabilitation professionals

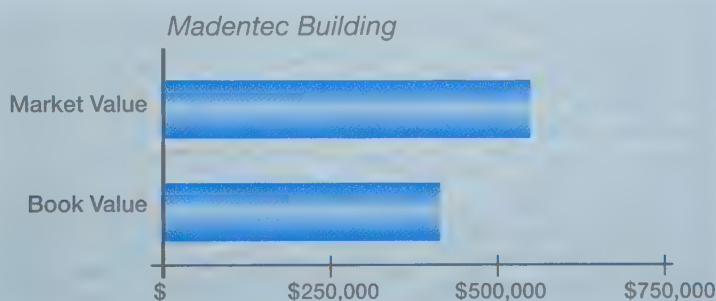
Phone: (780) 450-8926

Our Buy Strategy

The Madentec Building provides a high quality mix of professional office and industrial warehousing space. Located on 1.15 acres just off Parson's Road in Edmonton, this quality building is an architectural showpiece with over 5,000 square feet of office space, 3,000 square feet of shop and 1,300 square feet of mezzanine. In addition, there is a large fenced compound with plenty of energized paved parking stalls to make this a superior property.

Adding Value

Prior to acquiring this property, Imperial had identified the tenant and moved to enter into a lease agreement. Extensive interior renovations were undertaken by the tenant at no cost to Imperial.



Positive Results

This property is 100 per cent leased to a single tenant and has been a steady revenue contributor for Imperial. Today the Madentec Building is a very well-maintained property in a high demand area of the City. Rates are continuing to increase and every indication is that Imperial will realize higher than anticipated returns.

IEI Retail

Oliver Crossing

10304/36 – 111 Street,
Edmonton, Alberta

Acquired: February 1999



Meet the Tenants

Cilantro's on 111th – Offers a wide variety of gourmet dishes. Mussels to Blackened Catfish.

Louisiana Purchase – Cajun's delicacies, specialties.

Overtime Broiler and TapRoom – Not your typical sports bar, Overtime's dining and club atmosphere includes one-of-a-kind photos and keepsakes from some of Edmonton's most memorable sports moments. Phone: (780) 423-1643

Parcom Marketing Inc. – A fully integrated marketing communications firm. Parcom serves clients from across Western Canada who have

the range of

Phone: (780) 424-1111

Potter's Inc. – Leading retailer of windsurfing and wakeboarding equipment and accessories. Phone: (780) 421-1675

Our Buy Strategy

Oliver Crossing is a beautiful property in which Imperial immediately saw the potential for success. The property has 17,325 square feet of commercial and office development on 1.25 acres of land.

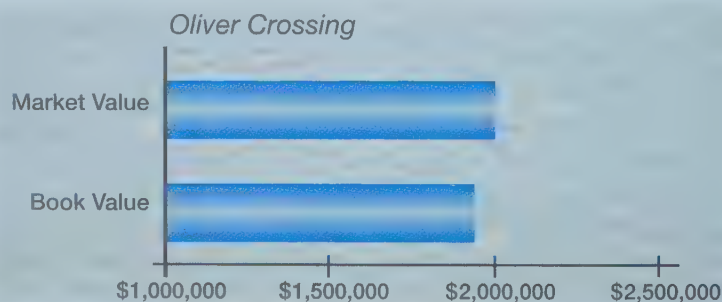
At the time of purchase, there were good long-term tenants in place. Imperial understood the local market and knew that the Oliver neighbourhood was due for rejuvenation. A new development, called Railtown, had already started construction of 300 upscale residences and there were significant new commercial and residential construction projects planned for the area.

Imperial acted quickly to secure this property and gain a presence in the Oliver area where it was evident that there would be future opportunities for high growth.

Adding Value

The strength of Oliver Crossing is its strategic location and strong escalating lease income. This provides Imperial with an excellent return while evaluating the potential for future redevelopment.

The property has already appreciated in value due to the scale of redevelopment in the area.



Positive Results

Today the Oliver area is the fastest growing area in Edmonton. Its location, adjacent to the downtown core, has become a hotbed for both residential and retail development. Oliver Crossing is a high quality structure with leading quality tenants who contribute a great deal to Oliver's position as one of Edmonton's most desirable residential and commercial locations.

IEI Retail

Yellowhead Centre

14220 Yellowhead Trail,
Edmonton, Alberta

Acquired: March 1999



Meet the Tenants

Alvonna's Pantry – Dine in or have it catered. Alvonna's has an excellent reputation for quality and service. Phone: (780) 455-6315

Corner Liquor Store – Stocked with wide selection of wine and spirits, walk in coolers and plenty of inventory. Phone: (780) 478-4264

Entertainment Publishers of Canada – A perennial favourite. This publisher conducts sales, warehousing and distribution of their well-recognized coupon books for all of Western Canada from its Yellowhead Centre location.

Expert Billiard Services – more than just pool tables and accessories. Expert Boards stocks a wide variety of fun – from shuffleboard to ping pong. They also service everything they sell. Phone: (780) 452-6360

GVR Enterprises – GVR offers a variety of sporting and camping goods, antique guns, and custom products. It is also the Coleman warranty centre for Western Canada. Phone: (780) 453-2681

Hobby Centre – One of Edmonton's best sources for model planes, trains and automobiles and the people who can't get enough of them. Phone: (780) 452-4421

Massage 1st Therapy Inc. – a family massage and health centre for a relaxing visit with a registered massage therapist. Phone: (780) 903-0948

McDonald's – With direct access off Yellowhead Trail and high visibility, consumers gain ready entry into a family favourite.

Yellowhead Petro-Canada – Offering gasoline, diesel and petroleum products and a handy snack shop – all for the convenience of the travelling public.

Our Buy Strategy

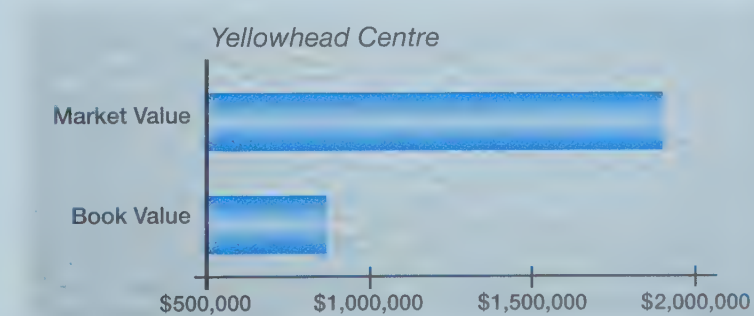
The Yellowhead Centre buildings have a total of 25,434 sq. ft. of leasable space situated on 2.2 acres of land. The facility is well anchored by long-term tenants that include McDonalds and Petro Canada. It is also well located on the Yellowhead Trail, one of Edmonton's consistently busiest thoroughfares.

At the same time, this property presented a number of challenges. Although impeccably maintained, the north building, a retail strip, was subject to chronic under-vacancy. The high-traffic nature of Yellowhead Trail and its largely industrial neighbourhood means that the majority of people who would come to Yellowhead Centre would

be either commuters or destination shoppers who came specifically to visit the Centre's specialty retailers. Imperial welcomed the challenge that this acquisition presented.

Adding Value

At the time of acquisition, rental rates at the Yellowhead Centre were almost half that of any other comparable property in Edmonton. Through a very focused campaign of identifying the types of tenancies that would suit the property, Imperial was able to bring the occupancy rate up to 100 per cent, while also increasing rental rates to reflect overall market value.



Positive Results

Retail tenancies are likely to show higher turnovers than the industrial sector and part of the ongoing challenge in this investment is in never letting down the marketing effort. Large traffic volumes and easy access for customers continue to help Imperial bring in tenants, maintain high occupancy at market rates and achieve a positive return on this investment.

Auditors' Report

To the Shareholders of Imperial Equities Inc.

We have audited the consolidated balance sheet of Imperial Equities Inc. as at September 30, 2001 and the consolidated statements of earnings and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative balances were audited by another firm of Chartered Accountants.

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Edmonton, Alberta
November 2, 2001

Consolidated Statements of Earnings and Deficit

<i>Year Ended September 30,</i>	2001	2000 (Restated) (Note 3)
Revenue		
Rental revenue	\$ 1,294,016	\$ 1,243,692
Operating cost recoveries	369,596	439,897
Interest	75,555	673
	1,739,167	1,684,262
Expenses		
Property operations	417,735	517,096
Professional fees	36,194	36,776
Leasing commissions	34,915	18,851
General and administrative	33,218	45,290
Shareholder communications	16,768	29,572
Financing fees	13,343	11,800
	552,173	659,385
Earnings before other items and income taxes	1,186,994	1,024,877
Other Items		
Interest on mortgages and due to related parties	701,979	719,579
Amortization of revenue producing properties	375,581	326,958
Loss on sale of revenue producing properties (Note 5)	77,393	—
	1,154,953	1,046,537
Earnings (loss) before income taxes	32,041	(21,660)
Income taxes (recovery)		
Large corporations tax	8,928	13,000
Future income tax	(33,950)	(10,474)
	(25,022)	2,526
Net earnings (loss)	\$ 57,063	\$ (24,186)
Deficit, beginning of year	\$ (164,946)	\$ (131,250)
Adjustment for restatement (Note 3)	—	(9,510)
Deficit, beginning of year as restated	(164,946)	(140,760)
Net earnings (loss)	57,063	(24,186)
Deficit, end of year	\$ (107,883)	\$ (164,946)
Earnings (loss) per share – basic and diluted (Note 10)	\$ 0.01	\$ (0.00)

See accompanying notes to the Consolidated Financial Statements

Consolidated Balance Sheet

September 30,	2001	2000 (Restated) (Note 3)
Assets		
Revenue producing properties (Note 4)	\$ 13,180,850	\$ 13,837,663
Deferred leasing costs	80,261	45,293
Deferred financing costs	47,323	18,331
Prepaid expenses and deposits	69,188	36,656
Agreement for sale receivable (Note 5)	1,227,449	—
Receivables	65,292	125,303
Cash and cash equivalents	286,339	110,019
	\$ 14,956,702	\$ 14,173,265
Liabilities		
Mortgages (Note 6)	\$ 10,948,297	\$ 9,149,033
Due to related parties (Note 7)	—	900,000
Future income taxes (Note 8)	552,000	585,956
Income taxes payable	—	13,000
Accounts payable and other liabilities	407,247	529,729
Deferred revenue	183,394	186,846
	12,090,938	11,364,564
Shareholders' Equity		
Capital stock (Note 9)	2,973,647	2,973,647
Deficit	(107,883)	(164,946)
	2,865,764	2,808,701
	\$ 14,956,702	\$ 14,173,265

On behalf of the Board



Sine Chadi
Director



Kevin Lynch
Director

See accompanying notes to the Consolidated Financial Statements

Consolidated Statement of Cash Flows

<i>Year Ended September 30,</i>	2001	2000 (Restated) (Note 3)
Increase (decrease) in cash and cash equivalents		
Operating		
Net earnings (loss)	\$ 57,063	\$ (24,186)
Amortization of revenue producing properties	375,581	326,958
Amortization of deferred leasing costs	32,912	13,600
Amortization of deferred financing costs	12,593	2,800
Future income tax recovery	(33,950)	(10,474)
Net loss on sales of revenue producing properties	77,393	—
Funds from operations	521,592	308,698
Change in non-cash operating working capital (Note 11)	(111,455)	355,546
	410,137	664,244
Financing		
Mortgage proceeds	4,095,000	4,500,000
Repayment of mortgages	(2,295,734)	(351,342)
Advances from related parties	145,000	900,000
Repayment of advances from related parties	(1,045,000)	(300,000)
Share issuance proceeds	—	546,000
Share issue costs paid	—	(13,675)
	899,266	5,280,983
Investing		
Purchase of revenue producing properties	(2,429,236)	(5,640,796)
Property improvements	(166,247)	(311,832)
Proceeds on disposal of revenue producing properties	1,451,482	—
Deferred leasing and financing cost expenditures	(111,633)	(61,525)
Payments of receivable on agreement for sale	122,551	—
	(1,133,083)	(6,014,153)
Net increase (decrease) in cash and cash equivalents	176,320	(68,926)
Cash and cash equivalents		
Beginning of year	110,019	178,945
End of year	\$ 286,339	\$ 110,019
Funds from operations per share – basic (Note 10)	\$ 0.06	\$ 0.04
Funds from operations per share – diluted (Note 10)	\$ 0.06	\$ 0.04

Supplemental cash flow information (Note 11)

See accompanying notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

September 30, 2001

1. Incorporation

Imperial Equities Inc. (the "Company") was incorporated as 702601 Alberta Ltd. under the Business Company Act (Alberta) on July 11, 1996. The name of the Company was changed to Imperial Equities Inc. on March 31, 1998 and operations commenced in May, 1998. On November 8, 1998 the Company's common shares were listed on the Alberta Stock Exchange as a junior capital pool Company under the trading symbol "IEI". Effective September 29, 2000, the Company's common shares were listed on the Canadian Venture exchange, which was created upon the merger of the Alberta and Vancouver stock exchanges.

The Company acquires commercial and industrial real estate properties directly or via wholly-owned subsidiaries.

2. Summary of significant accounting policies

General

The Company's accounting policies and its standards of financial disclosure are in accordance with the recommendations of the Canadian Institute of Chartered Accountants and the Canadian Institute of Public and Private Real Estate Companies.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiary Imperial Land Limited. The results of operations of subsidiaries acquired are included from the respective date of acquisition.

Effective October 1, 2001 Imperial Land Limited was amalgamated with Imperial Equities Inc.

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reported period. Actual results could differ from these estimates.

Notes to the Consolidated Financial Statements

September 30, 2001

2. Summary of significant accounting policies (cont'd)

Revenue producing properties

Revenue producing properties are stated at cost. Amortization has been recorded in the accounts using the following annual rates. Acquisitions during the year are amortized at half the respective annual rate.

Buildings	4%, declining balance
Parking Lot	8%, declining balance
Equipment and Signage	20%, declining balance
Tenant Improvements	term of lease

Deferred leasing costs

Deferred leasing costs are costs incurred directly in the negotiation with and acquisition of tenants for real estate properties. These costs, which are mainly leasing commissions to agents, are deferred and amortized over the respective lease term.

Deferred financing costs

Deferred financing costs are costs incurred in arranging financing for revenue producing properties held. These costs are deferred and amortized over the term of the respective financing to a maximum of five years.

Income taxes

Income taxes have been provided using the liability method of tax allocation. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and short term investments with original maturities of three months or less. Mortgages are considered to be financing activities.

Notes to the Consolidated Financial Statements

September 30, 2001

2. Summary of significant accounting policies (cont'd)

Stock option plan

The Company has a stock option plan, which is described in Note 9. No compensation expense is recognized when stock options are issued. Consideration received by the Company on the exercise of stock options is credited to share capital.

Revenue recognition

Rental revenue from leases is recognized as income over the term of the lease as it becomes due. Revenue from the sale of revenue producing properties is recognized once all significant conditions have been met and the collection of the sale proceeds are reasonably assured.

3. Restatement of prior year's figures

The prior year's numbers were restated to more accurately reflect the purchase of a revenue producing property which occurred in fiscal 1999. The value of the land is reflected in its acquired state, as an income generating asset with an off setting obligation the Company has as landlord. The changes reflected in September 30, 2000 are as follows:

Statement of earnings	Increase (decrease)
Revenue	\$ 3,186
Expenses	(59)
Net	<u>\$ 3,127</u>

Balance sheet

Revenue producing properties	\$ 96,469
Future income taxes	\$ (83,994)
Deferred revenue	\$ 186,846
Retained earnings	\$ (9,510)

Notes to the Consolidated Financial Statements

September 30, 2001

4. Revenue producing properties

	2001		2000	
			(Restated)	
			(Note 3)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 3,678,832	\$ —	\$ 3,678,832	\$ 4,241,635
Buildings	9,808,252	628,620	9,179,632	9,272,252
Parking lots	95,208	18,082	77,126	83,833
Equipment and signage	74,365	16,605	57,760	31,610
Tenant improvements	258,125	70,625	187,500	208,333
	\$ 13,914,782	\$ 733,932	\$ 13,180,850	\$ 13,837,663

5. Sales of revenue producing properties

On October 1, 2000, the Company sold one of its revenue producing properties, for proceeds of \$1,415,000. This property was one of three properties acquired during the Major Transaction on February 12, 1999 and carried a future tax liability of approximately \$235,000. The sale showed a loss for accounting purposes and created a taxable capital gain for income tax purposes.

On March 1, 2001 the Company entered into an Agreement for Sale on another revenue producing property. Under the terms of the sale, the selling price was \$1,450,000 and the Company carried a receivable of \$1,350,000 at 8.65% per annum, with monthly instalments of principal and interest in the amount of \$13,298, until July 31, 2001. At July 31, 2001 a lump sum payment of \$100,000.00 was due and paid by the purchaser. The remaining principal balance of \$1,227,449 will be carried at 8.65% per annum with monthly instalments of principal and interest in the amount of \$12,313. The term date of the loan is September 1, 2002, at which time the loan is due in full. The loan receivable is fully secured by the revenue producing property. The sale created a gain for accounting purposes, and a taxable capital gain for income tax purposes.

Notes to the Consolidated Financial Statements

September 30, 2001

6. Mortgages

	2001	2000
Mortgages payable relating to revenue producing properties bear interest at a weighted average rate of 7.81% (2000 – 7.73%) per annum, payable in monthly principal and interest instalments totalling \$101,953 (2000 - \$90,648) maturing from 2001 to 2006. The mortgages are secured by charges against specific revenue producing properties and a director of the Company has personally guaranteed the mortgages.	\$ 10,948,297	\$ 9,149,033

The amount of principal repayments in each of the next five years and thereafter are as follows:

2002	\$ 395,060
2003	548,867
2004	459,688
2005	496,212
2006	535,657
Thereafter	8,512,813

	2001	2000
Interest paid	\$ 646,555	\$ 596,333

Notes to the Consolidated Financial Statements

September 30, 2001

7. Related party transactions and balances

Related party transactions are as follows:

	2001	2000
Paid to companies controlled by a director and officer		
Property management and operations	\$ 134,218	\$ 127,474
Costs for construction of tenant improvements	36,565	35,904
Leasing and real estate commissions	89,946	45,406
Property management and operations expenditures include building and ground maintenance, collection of rents and accounting. These transactions took place at normal commercial rates and terms and are recoverable from the tenants.		
Paid to shareholders		
Interest on advances	\$ 38,032	\$ 91,044
Financing fees	—	8,000
These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.		
Due to related parties		
Due to a director and shareholder	\$ —	\$ 50,000
Due to shareholders	—	850,000
	\$ —	\$ 900,000

Amounts due to the director and shareholder were repaid without interest. Amounts due to the shareholders were repaid at 12% interest per annum.

8. Income taxes

Income tax expense reconciliation

Income tax expense differs from the amount computed by applying the statutory provincial and federal income tax rates to the respective years' earnings before income taxes. These differences result from the following items:

	2001	2000
Expected income tax expense (recovery) at 40% (2000 - 45%)	\$ 14,062	\$ (8,167)
Increase (decrease) resulting from:		
Large corporations tax	8,928	13,000
Adjustment to opening future income tax liability resulting from reduction in tax rates	(33,498)	—
Lower inclusion rates on taxable capital gains	(49,570)	—
Other	(4,944)	(2,307)
	\$ (25,022)	\$ 2,526

Notes to the Consolidated Financial Statements

September 30, 2001

8. Income taxes (cont'd)

Temporary differences

The tax effects of temporary differences that give rise to the Company's future tax liability are as follows:

	2001	2000
Unearned revenue reserve	\$ 101,041	\$ 110,206
Revenue producing properties	380,538	622,770
Capital gains reserve	46,604	—
Deferred leasing costs	44,833	20,400
Loss carryforwards	(1,712)	(130,820)
Share capital costs	(11,376)	(19,500)
Finance costs	(5,837)	(14,600)
Other	(2,091)	(2,500)
Net future tax liability	\$ 552,000	\$ 585,956

9. Capital stock

Authorized:

Unlimited number of common shares

	Number of shares	2001	Number of shares	2000
Issued:				
Common shares				
Balance, beginning of year	8,545,842	\$ 2,973,647	7,395,842	\$ 2,276,768
Issue of shares				
Private placements for cash	—	—	910,000	546,000
Acquisition of CMSS	—	—	240,000	158,400
Share issue costs (net of tax)	—	—	—	(7,521)
Balance, end of year	8,545,842	\$ 2,973,647	8,545,842	\$ 2,973,647

Notes to the Consolidated Financial Statements

September 30, 2001

9. Capital stock (cont'd)

On October 26, 1998, the Company issued, pursuant to a public offering, 1,000,000 common shares for \$200,000 less a \$25,000 agent's commission. The agent also received a non-transferable option to purchase 100,000 common shares at \$0.20 per share until May 9, 2000. On November 19, 1998, the agent exercised its option on 50,000 common shares and on June 28, 1999, exercised its option on the remaining 50,000 common shares.

On April 28, 2000, the Company issued, pursuant to a private placement, 685,000 common shares for \$411,000.

On April 30, 2000 the Company acquired all the issued and outstanding shares of CMSS Investments Ltd. for consideration of \$400 cash and 240,000 common shares at \$0.66 per share. The operations of CMSS Investments Ltd. were subsequently wound-up into the Company effective April 30, 2000, and have been included in consolidated results of operations subsequent to that date.

On August 31, 2000, the Company issued, pursuant to a private placement, 225,000 common shares for \$135,000.

Escrowed shares

Of the total 3,050,000 issued shares at November 19, 1998, 2,045,000 are held in escrow to be released at one third on each of the first, second, and third anniversaries of the Company's Major Transaction, February 12, 1999. During 2000, 681,664 shares were released from escrow. During 2001, 681,665 shares were released from escrow leaving 681,671 shares unreleased at September 30, 2001.

Of the total 4,245,842 shares issued on February 12, 1999, as a result of the Company's Major Transaction, 3,625,145 were placed into escrow to be released at one third on each of the first, second, and third anniversaries of the Company's Major Transaction. Of these 3,625,145 shares in escrow, 1,424,286 are subject to a second, performance escrow agreement wherein those escrowed shares will be released at a rate of one share for each \$0.50 of cash flow, as defined by the Canadian Venture Exchange, to a limit of 474,762 per year. Any shares subject to the second, performance escrow agreement not released by February 12, 2004 shall be cancelled. During 2000, 1,208,380 shares were released from the first escrow agreement, however, of the 1,208,380 shares released, 981,519 were subject to the second performance escrow agreement. No shares were released under the second performance escrow agreement. During 2001, 1,208,382 shares were released from the first escrow agreement of which 442,761 were subject to the second performance agreement. 474,762 shares were released from the second performance escrow agreement. At September 30, 2001, a total of 2,157,908 shares remain in escrow, 1,208,384 subject to the first escrow agreement only and 949,524 subject to the second performance escrow agreement only.

Stock options

The Company has established a Stock Option Plan for the benefit of its directors, management, and key employees. Under the Stock Option Plan, the Company may grant options, which vest immediately, to acquire a maximum number of common shares equal to 10% of its total issued and outstanding common shares. Stock options outstanding during the year are as follows:

	2001	2000
Balance, beginning and end of year	150,000	150,000

These stock options were granted at \$0.20 per share and expire September 17, 2003.

Notes to the Consolidated Financial Statements

September 30, 2001

10. Earnings (loss) per share

The Canadian Institute of Chartered Accountants has approved a new standard for the computations, presentation and disclosure of earnings per share. Under the new standard, the treasury stock method is used instead of the imputed earnings method to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury method only "in the money" dilutive instruments impact the dilutive calculations.

The computation of basic earnings (loss) per share and funds from operations per share have been calculated using the weighted average number of common shares outstanding during the year which amounted to 8,545,842 (2000 – 8,545,842). In computing diluted earnings per share, 95,455 shares were added to the weighted average number of common shares outstanding for the year ended September 30, 2001 for the dilutive effect of stock options. Calculating diluted loss per share in the prior year produced anti-dilutive results. In computing diluted funds from operations per share, 95,455 (2000 – 107,143) shares were added to the weighted average number of common shares outstanding for the dilutive effect of stock options.

11. Supplemental cash flow information

	2001	2000
Change in non-cash operating working capital		
Receivables	\$ 60,011	\$ (106,584)
Prepaid expenses and deposits	(32,532)	78,448
Accounts payable and other liabilities	(122,482)	373,868
Income taxes payable	(13,000)	13,000
Deferred revenue	(3,452)	(3,186)
	\$ (111,455)	\$ 355,546
Cash and cash equivalents		
Cash and cash equivalents consist of:		
Balances with banks	\$ 236,339	\$ 110,019
Deposits in trust	50,000	—
	\$ 286,339	\$ 110,019

	2001	2000
Income taxes paid		
Large corporations tax paid	\$ 10,960	\$ —

Notes to the Consolidated Financial Statements

September 30, 2001

11. Supplemental cash flow information (cont'd)

Non-cash investing and financing activities

During the year, an agreement for sale receivable of \$1,350,000 was received as consideration on the sale of a revenue producing property (Note 5).

12. Financial instruments

The Company's financial instruments include receivable on agreement for sale, receivables, cash and cash equivalents, mortgages, due to related parties and accounts payable and other liabilities.

Fair market value

The carrying value of receivable on agreement for sale, accounts receivable, cash and cash equivalents, and accounts payable and other liabilities approximate their fair value because of the near term maturity of those instruments. The carrying value of mortgages approximate their fair value as the rates approximate current rates for similar investments with similar maturities.

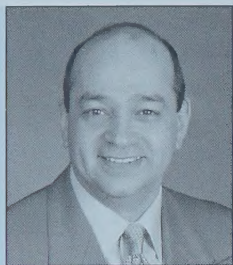
Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfil their lease commitments. The Company mitigates the risk of credit loss by limiting its exposure to any one tenant.

13. Comparative figures

Certain balances in the prior year have been restated to conform to the current year's presentation.

Corporate Information



Sine Chadi
*CEO & Chairman of the Board
Imperial Equities Inc.*

Sine Chadi is Chairman of Imperial Equities Inc. and the Company's Chief Executive Officer. From day one, Sine has been the principal driver of the Company and has overseen all day-to-day aspects of Imperial's growth and development. Sine brings more than 20 years professional experience in the real estate sector to Imperial. He is also the founder and principal shareholder of North American Mortgage Corp., as well as of numerous other companies involved in the acquisi-

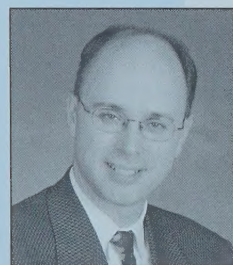
tion, redevelopment and disposition of real estate assets. Sine is also an active community leader and fundraiser for a number of community groups including the Boys and Girls Clubs and Crystal Kids. Sine also sat as a Member of the Legislative Assembly of Alberta from 1993 to 1997. Here he represented his Caucus on a number of the Legislature's economic development, public accounts and treasury committees.



Diane Buchanan
Director

Diane brings more than 30 years in local real estate and business operations experience to Imperial's Board. She built her career developing and converting town-homes and high-rise condominiums in the Edmonton area. Also, she has always been strongly affiliated with her industry, becoming the first woman Director elected to the Edmonton Real Estate Board in 1984. In 1997, Diane turned her attention to a new project, the extensive refurbishment of the Union Bank Inn, Alberta's only 4 1/2 Star Inn. This historic property features 34 individually designed and tastefully appointed guest rooms, a lobby-

level dining room and private function facilities. Diane has always been an active community worker, a long-time Rotary member, and has chaired the international committee which developed such projects as water wells and a school in Uganda. She is a former board member of the Citadel Theatre and Theatre Network, and current director on the board of the CASA Foundation (Child and Adolescent Services). In 2001 Diane was awarded the Edmonton Chamber of Commerce "Small Business Owner of the Year" award.



Kevin Lynch
Director

Kevin is a corporate attorney with one of Edmonton's most prestigious business law firms. As a corporate specialist, Kevin focuses his practice on corporate/commercial law, including securities, acquisitions and divestitures, commercial real estate and financing matters. In addition to his position on Imperial's board, Kevin also acts as Corporate Secretary to a TSE listed company. He is

also very active in his community as a past St. Albert School Board Trustee; former director of the foundation for Newman Theological College and St. Joseph's Seminary; former director of the Olympian Swim Club. He is currently President of the Friends of St. Albert Swimming Society and an active member of the St. Albert Roadrunners and Triathlon Club.

Head Office

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Diane Buchanan
Phone: (780) 423-6099
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Kevin Lynch
Edmonton, Alberta
Phone (780) 423-8599
e-mail: klynch@parlee.com

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Management Consultants
Canadian Member Firm of Grant Thornton International
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10060 Jasper Avenue
Edmonton, Alberta
T5J 3R8
Phone: (780) 422-7114
Fax: (780) 426-3208
e-mail: edmonton@GrantThornton.ca

Stock Exchange

Canadian Venture Exchange
Trading Symbol: IEI
10th Floor, 300 Fifth Avenue S.W.
Calgary, Alberta
T2P 3C4
Phone (403) 974-7400
www.cdnx.ca

Registrar & Transfer Agent

Computershare Trust Company of Canada
970 Canadian Western Bank Place
10303 Jasper Avenue
Edmonton, Alberta
T5J 3N6
Phone (780) 448-7598
Fax (780) 426-4032

Bankers

Canadian Imperial Bank of Commerce
Edmonton Commercial Banking Centre
10102 Jasper Avenue
Edmonton, Alberta
T5J 1W5

Solicitors

Parlee McLaws
1500 Manulife Place
10180 - 101 Street
Edmonton, Alberta
T5J 4K1
Phone (780) 423-8500
Fax (780) 423-2870

Annual Meeting

Date: April 2, 2002
Time: 2:00 p.m.
Place: Union Bank Inn
10053 Jasper Avenue
Edmonton, Alberta

Head Office

Imperial Equities Inc.

1905, 10060 Jasper Avenue,

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IMPERIAL
EQUITIES
INC.

Stock Symbol: IEI

A Canadian Venture Exchange Listed Company